

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, September 21, 2000, 9:30 a.m.
Utah Association of Counties Building

A G E N D A

9:30	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of August Minutes	Gary Herbert
	Update on County Health Program Proposal	Brent Gardner
	Director's Report	Shawn Guzman
	Broker's Report	Rich Stokluska
	Summary of Financial Statements	Shawn Guzman
	2001 Administrative Budget	Brent Gardner
	2001 General Budget	Shawn Guzman
11:30	Lunch Break	
	2000 Annual Membership Meeting Agenda	Shawn Guzman
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, Physical or Mental Health of an Individual	
1:30	Adjourn	

UACIM BOARD OF TRUSTEES MEETING MINUTES

September 21, 2000, 9:30 a.m.
Utah Association of Counties Building

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Vice President*, Davis County Commissioner
Sarah Ann Skanchy, *Secretary-Treasurer*, Cache County Council Member
Ken Bischoff, Weber County Commissioner
Ty Lewis, San Juan County Commissioner
Royal Norman, Box Elder County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Petersen, Emery County Commissioner
Ed Phillips, Millard County Sheriff
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Chad Johnson, Beaver County Commissioner

OTHERS PRESENT

Brent Gardner, UAC Executive Director
Shawn Guzman, UACIM Director
Sonya White, UACIM Administrative Assistant
Rich Stokluska, GRMS Account Executive

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Chad Johnson requested to be excused from this meeting due to a prior commitment. A motion was made to excuse Chad Johnson from this meeting and Ed Phillips from the August 18 meeting. The motion was seconded and passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held August 18, 2000 were previously sent to the Board Members for review. A motion was made to approve the August 18, 2000 minutes as written. The motion was seconded and passed unanimously.

DIRECTOR'S REPORT

Duchesne County Proposal. On September 12, Shawn Guzman and John Chino presented the Duchesne County Commission with a proposal for their 2001 insurance coverage. Duchesne County has been a member of the Mutual since its inception. From 1992 to 2000, the County has had only an average premium increase of 1.2% and has accumulated \$120,000 in equity. Gary Herbert and Tex Olsen met with the County Commissioners at the USACCC Fall Workshop to discuss their membership and regard any questions or concerns. As of today, the Mutual has not been notified of the Commission's decision.

Daggett County. Daggett County has signed the Interlocal Agreement for membership in the Mutual. They have also asked that the Mutual place their Airport Liability Insurance, which John Chino is working to provide a quote. If John's premium is competitive, then Shawn recommended that the Mutual offer to place this type of coverage for other member counties.

Weber County. As directed by the Board at the August 18 meeting, Shawn met with Dave Wilson of Weber County to discuss their 2001 premium and the concerns regarding their reported loss history (prior to membership in the Mutual). Dave is investigating whether the losses reported included reserves and will report what claims are still open. Dave expressed that once he concludes his research he would like to discuss options for their 2001 premium contribution that would be fair to the County and the Mutual.

AIG. Shawn reported that on September 7, the Mutual received \$102,911.50 from AIG Claims Services for the 1994 excess aggregate owed.

Sheriff's Association. Shawn attended the annual Sheriff's Association Conference in St. George, September 17-19. The Mutual sponsored a speaker whose expertise is in the areas of ADA, jails and medical care for inmates. The Mutual is working with the Association towards a solution to the mental health care problems experienced in the County Jails. Local providers, who are usually partially funded by the county, continue to give substandard service or refuse to respond to the jail when called, which is a potentially huge liability. Any solution will require the help of county commissioners to put pressure on the mental health providers. The Board directed Shawn to work with the Association in drafting standard practices for inmate mental health care that can be proposed to the county commissions/councils for implementation.

Loss Control Manager Position. Shawn reported that he, Brent Gardner, Gary Herbert, Kent Sundberg, Ed Phillips and Ken Bischoff narrowed the number of applicants for the position of Loss Control Manager to 17 and ranked each one according to experience and qualifications. Shawn interviewed seven applicants who ranked lowest and did not find that any of these applicants should progress further. Interviews for the other 10 applications have been scheduled for September 22 and 25.

UPDATE on COUNTY HEALTH PROGRAM PROPOSAL

Brent Gardner reported that he and Shawn Guzman met with 20 of the 29 counties at the USACCC Fall Workshop, September 13. All 20 counties expressed interest in forming a pooled health care program but also wanted to reserve the right not to participate. The counties designated Tex Olsen, Jim Smith, Kent Sundberg, Brad Dee, Richard Bennion and Steve Baker to research the following options: 1) set up a county pool with PEHP (see what counties have current contracts), 2) research whether a consultant should be hired through RFP process (as did Salt Lake County), and 3) provide information to Gallaghers and request a proposal.

BROKER'S REPORT

Rich Stokluska presented the 2001 Risk Management proposal at the August Board meeting. He asked that the Board review the *Conditions* in the proposal, since there was not enough time to do so at the last meeting. He will be available to answer any questions at the next meeting.

Rich explained that pursuant to the authorization of the Board, he cancelled the Reliance property reinsurance program and bound coverage with Travelers effective September 1, 2000. Gallagher's accounting department is working on getting a pro-rated refund from Reliance. He presented the Board with the Travelers Property Facultative Reinsurance Certificate listing the details of coverage that include all risk earthquake and flood, including flood zone A (see attachment #1). Because the Mutual has 10+ flood zone A properties, Gallagher must find carriers who will underwrite these properties. Ty Lewis said that the properties in San Juan County that were designated many years ago as flood zone A, no longer meet the criteria for this designation. Shawn Guzman explained that FEMA is the designating agency but has been unwilling to reevaluate the properties. Due to grading, new construction, etc., many of the flood zone A properties should be changed. Ty volunteered to research the process of having these properties reevaluated and will report to the Board at the next meeting.

SUMMARY of FINANCIAL STATEMENTS

Shawn Guzman explained that the financial statements for the month ending August 2000 are still in draft form due to a couple of corrections the accountants have been asked to make. The following amounts are correct as reported each month. Total surplus is at \$3,834,040, a \$70,293 increase from July. Net Income (page four) is at \$408,229, a \$63,210 increase from July. Net investment income received (page six) is at \$390,380, a \$49,062 increase from July. The Budget to Actual Comparison (page 12) shows the Mutual at 99.2% with the budget year 67% complete.

2001 ADMINISTRATIVE BUDGET

Brent Gardner reviewed the proposed 2001 Administrative Budget with the Board (see attachment #2). A breakdown of the 2000 actual amount paid as of June 30, 2000 appears to be on track for this year's budgeted amount. The proposed increases are in the areas of auto expense, loss control/training, FICA, medical insurance and staff expense with decreases in the areas of board expense, office rent, retirement and staff salaries which brings the total proposed administrative budget to \$446,815—\$871 less than the 2000 budget. The Board had questions relating to the actual amount spent in the areas of auto reserve, consulting fees and office rent line items. Brent will research these amounts and report to the Board at the next meeting.

2001 GENERAL BUDGET

Shawn Guzman reviewed the proposed 2001 General Budget with the Board (see attachment #3). Revenues for the Mutual are the premiums written and investment income. The premium contribution amounts were approved at the August Board meeting in the amount of \$3,274,082. Expenses of the Mutual are losses (budgeted at the attachment point set by the reinsurers), claims management (McLarens has agreed not to increase their 2001 fees), reinsurance (increases \$130,856 from 2000), brokers fees (Gallaghers has agreed not to increase their 2001 fees), administration fees (decreasing slightly in 2001), professional fees (Larson & Company's fees will increase slightly and Taylor Walker's fees will remain the same). With this proposed budget, the net income that will go into surplus is \$254,536. Ken Bischoff made a motion to approve the 2001 General Budget as presented. Royal Norman seconded the motion, which passed unanimously.

ANNUAL MEMEBERSHIP MEETING AGENDA

The Annual UACIM Membership Meeting has been scheduled for November 15, 2000, 4:00 p.m. at the Dixie Convention Center in St. George. Elections for the 2001 Board of Trustees will take place during this meeting. Those Trustees up for re-election are Gary Herbert, Chad Johnson and Royal Norman. Sarah Ann Skanchy and Kent Petersen are also up for re-election but will be retiring. Ty Lewis made a motion to appoint a Nominating Committee to nominate officials/employees of member counties to the Board. Ed Phillips seconded the motion, which passed unanimously. Shawn Guzman explained that in order for the motion to be carried out, a by-laws change might be necessary. The Board directed Shawn to research the by-laws and if an amendment is necessary then language should be drafted. Kent Petersen made a motion to strike the previous motion until the by-laws are researched, therefore, nominations will be requested from the members. Dan McConkie seconded the motion, which passed unanimously. The agenda was set and presenters named (see attachment #4).

PENDING or REASONABLY IMMINENT LITIGATION

There were no items for discussion.

CHARACTER, PROFESSIONAL COMPETENCE, PHYSIUCAL or MENTAL HEALTH of an INDIVIDUAL


Kent Petersen made a motion to set the date and time to go into closed session to discuss the character, professional competence, physical or mental health of an individual at 11:25 a.m. on September 21, 2000. Royal Norman seconded the motion, which passed unanimously.

A motion was made to conclude the closed session at 11:45 a.m. on September 21, 2000. The motion was seconded and passed unanimously.

OTHER BUSINESS

The next meeting of the Board of Trustees will be held Thursday, October 26, 2000 at 9:30 a.m. at the Utah Association of Counties building.

Approved on October 26, 2000


Sarah Ann Skanchy, UACIM Secretary-Treasurer
Cache County Council Member

UAC INSURANCE MUTUAL

Administrative Budget

	1998 Actual	1999 Budget	1999 Actual	2000 Budget	2000 Actual as of 6/30/00	2001 Budget
REVENUES COLLECTED						
Beginning Balance						
Management Fees	280,000	358,610	358,610	447,686	223,843	446,815
Interest	20,975	0	19,181	0	10,435	0
Total Revenue	300,975	358,610	377,791	447,686	234,278	446,815
EXPENSES PAID						
Accounting/Audit	590	550	664	550	440	550
Administrative Fees	12,912	5,000	10,000	5,000	0	5,000
Auto Expenses	2,472	6,000	4,593	6,000	4,482	7,500
Auto Reserve	0	10,000	71,245	14,000	35,201	14,000
Board Expenses	6,951	8,000	5,223	8,000	5,222	7,000
Consulting Fees	0	0	0	0	970	0
Copying	1,563	1,200	2,334	1,200	392	1,200
Data Processing	139	2,000	3,166	3,500	1,397	3,500
Dues, Subscriptions	1,039	1,250	3,244	1,250	739	1,250
FICA	10,073	11,000	11,666	11,000	6,632	11,400
Loss Control/Training	7,972	10,700	7,667	10,700	4,206	14,000
Medical Insurance	22,566	24,870	25,905	26,900	16,481	29,400
Newsletter	0	1,000	0	1,000	0	1,000
Office Equipment	13,302	5,000	0	5,000	2,088	5,000
Office Rent	23,132	60,300	43,563	120,000	21,334	117,415
Office Supplies	3,954	4,000	2,458	4,000	1,033	4,000
Other Insurance	4,552	5,000	3,216	5,000	599	5,000
Postage	3,475	4,000	3,476	4,000	1,785	4,000
Printing	3,330	1,000	1,903	1,000	94	1,000
Retirement	25,800	32,000	32,504	35,324	20,462	34,150
Staff Expense	17,754	13,500	13,703	13,500	8,738	15,000
Staff Salaries	131,343	146,340	150,774	164,862	86,508	159,550
Technical Assistance	4,267	400	198	400	0	400
Telephone	5,433	5,500	4,776	5,500	2,275	5,500
Total Expenses	302,619	358,610	402,278	447,686	221,076	446,815
ENDING BALANCE	-1,644	0	-43,668	0	2,767	0

UAC INSURANCE MUTUAL

General Budget

	1998 Budget	1998 Actual	1999 Budget	1999 Actual	2000 Budget	As of August 31 2000 Actual	Proposed 2001 Budget
REVENUE							
Premiums Written	2,854,000	2,984,526	3,045,067	3,051,642	3,090,000	3,091,658	3,274,082
Investment Income	215,000	406,049	275,000	441,615	400,000	390,380	400,000
Miscellaneous Income		2,000		15			
TOTAL REVENUE	3,069,000	3,392,575	3,320,067	3,493,272	3,490,000	3,482,038	3,674,082
LOSSES AND LOSS EXPENSES							
Losses	1,475,000	1,558,000	1,550,000	1,530,000	1,580,000	265,343	1,715,000
Claims Management Expenses	229,000	229,000	253,050	256,993	224,000	150,563	224,000
Reinsurance	576,000	631,241	631,828	578,391	739,875	638,631	870,731
Loss Adjustments for Previous Years				0	0	0	0
TOTAL LOSS EXPENSES	2,280,000	2,418,241	2,434,878	2,365,384	2,543,875	1,054,537	2,809,731
ADMINISTRATION EXPENSES							
Broker Fees	105,000	105,000	105,000	101,000	105,000	95,000	105,000
Administration Fees	280,000	280,000	358,610	358,610	447,686	335,765	446,815
Professional Fees	50,000	38,163	50,000	37,013	50,000	25,682	50,000
Interest Expense	59,000	0	0	269,899	40,000	39,220	0
Other Expenses	13,000	20,959	7,500	4,143	8,000	2,413	8,000
TOTAL ADMINISTRATION	507,000	444,122	521,110	770,665	650,686	498,080	609,815
TOTAL LOSSES AND EXPENSES	2,787,000	2,862,363	2,955,988	3,136,049	3,194,561	1,552,617	3,419,546
NET INCOME	282,000	530,212	364,079	357,223	295,439		254,536
PAYMENT OF DEBENTURES							
				30,101	589,899	589,899	

UAC INSURANCE MUTUAL

Annual Membership Meeting

November 15, 2000, 4:00 p.m.
Dixie Center, St. George

Tentative

A G E N D A

4:00	Call to Order & Welcome New Member County	Gary Herbert
	Member Roll Call	
	Approval of April 2000 Minutes	Gary Herbert
	2001 Board of Trustees Nominations & Elections	
	2001 Budget and Member Contributions	
	Changes to Auto Liability Section of the Coverage Agreement	Shawn Guzman
	Loss Control Manager's Report	
	Broker's Report	
	Claims Administration Report	
	Committee Reports	
	Presentation of Member Awards	
	Election Results	
	Other Business	
6:00	Dinner	

AFFIDAVIT OF GARY R. HERBERT

STATE OF UTAH

)

:ss

COUNTY OF SALT LAKE

)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

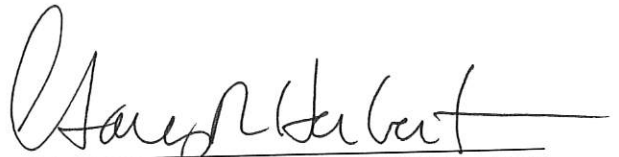
2. That the Affiant, on or about the 21 day of September, 2000, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.


DATED this 21 day of September, 2000.


GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 21st day of Sept, 2000, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



Residing at:


NOTARY PUBLIC
Salt Lake City, UT
My Commission Expires: 1/31/2002

...

...

...

...